

NOVEMBER/DECEMBER 2023

**23UEIM12B — FINANCIAL ACCOUNTING**

Time : Three hours

Maximum : 75 marks



**SECTION A — (10 × 2 = 20 marks)**

Answer ALL questions.

1. Define Accounting.
2. Explain dual concept.
3. What is meant by double entry system?
4. Explain the golden rules of accounting.
5. What is gross profit?
6. Explain the term provision for bad and doubtful debts.
7. What is net worth method?
8. Illustrate single entry system.
9. Define banking reconcile statement.
10. What is meant by average due date?



SECTION B — ( $5 \times 5 = 25$  marks)

Answer ALL questions.

11. (a) Explain the advantages of accounting.

Or

- (b) What are the various uses of accounting information?

12. (a) Rectify the following errors :

- (i) Purchases book is carried forward Rs. 850 less.
- (ii) Sales book total is carried forward Rs. 2,500 more.
- (iii) A total of Rs. 7,580 in the purchases book has been carried forward as Rs. 8,570.
- (iv) The total of the sales book Rs. 7,550 on page 20 was carried forward to page 21 as Rs. 5,570.
- (v) Purchases return book was carried forward as Rs. 1,520 instead of Rs. 5,120.



Or



20. X sold goods to Y as detailed below :

Date of Invoice	Value of goods sold Rs.
5.5.20	2,000
12.5.10	1,500
19.5.20	3,000
26.5.20	2,200
1.6.20	1,500
3.6.20	1,000

The payments were agreed to be made by bills payable 90 days from the respective dates of invoice. However, Y wanted to arrange for payment of all the bills to be made on a single date. Calculate the date on which such payment could be made without loss of interest to either party.



(b) From the books of Kalai show how the relevant items would appear in ledger, P and L A/c and balance sheet as on Dec. 31.2019 :

Jan. 1	Provision for Bad and Doubtful debts	Rs. 12,000
	Provision for discount on debtors	Rs. 5,600
Dec. 31	Discounts allowed during the year	Rs. 9,300
	Bad debts written off during the year	Rs. 4,700
	Bad debts recovered during the year	Rs. 250
	Debtors	Rs. 1,00,600

Write off further bad debts Rs. 2,400.  
Provision for discount allowed @ 2% and for doubtful debts @ 10% are to be maintained.

13. (a) Explain the different types of accounts.

Or

(b) Prepare Profit and Loss Account, from the following balances of Mrs. Asha for the year ending 31/12/2019 ; Office rent Rs. 30,000, Salaries Rs. 80,000, Printing expenses Rs. 2,000, Stationeries Rs. 3,000, Insurance Rs. 4,000, Discount allowed Rs. 6,000, Advertisement Rs. 36,000, Travelling expenses Rs. 26,000, Gross Profit Rs. 2,50,000 and Discount received Rs. 4,000.



14. (a) Mr. Ram keeps his books single-entry. He gives you the following information from which he requires you to ascertain his profit or loss during the year ended 2019 :

Particulars	1 <sup>st</sup> Jan. 2019	31 <sup>st</sup> Dec. 2019
Bank Balance	740 Cr.	400 Dr.
Cash in hand	—	10
Sundry debtors	5,100	8,800
Sundry creditors	1,300	1,950
Stock	1,700	1,900
Plant	2,000	2,000
Furniture	140	140

Ram had withdraws `250 p.m. during the year but had introduced fresh capital of `600 on 1<sup>st</sup> July, 2019. A provision of 5% on Sundry Debtors in necessary. Write off depreciation on plant at the rate of 5%. interest on capital is to be allowed @ 5% p.a.

Or

- (b) Explain the difference between book keeping and Accounting.

19. Mr. Raja has the following transactions in the month of July 2020. Show the journal entries.

July	1 <sup>st</sup>	Raja started business with a capital of 75,000
	1 <sup>st</sup>	Purchased goods from Manu on credit 25,000
	2 <sup>nd</sup>	Sold goods to Sonu 20,000
	4 <sup>th</sup>	Sold goods to Tanu for cash 16,000
	5 <sup>th</sup>	Goods returned to Manu 2,000
	8 <sup>th</sup>	Cash paid to Manu 10,000
	9 <sup>th</sup>	Sold goods to Jane 13,500
	10 <sup>th</sup>	Goods returned from Sonu 3,000
	11 <sup>th</sup>	Cash received from Jane 5,500
	12 <sup>th</sup>	Goods taken by Raja for domestic use 3,000
	14 <sup>th</sup>	Cash received from Sonu 12,000
	15 <sup>th</sup>	Bought machinery for 18,000
	17 <sup>th</sup>	Cash paid for the purchase of bicycle for Raja's son 1,500
	19 <sup>th</sup>	Cash sales 15,000
	20 <sup>th</sup>	Cash purchases 13,500



Debit	Rs.	Credit	Rs.
Mani's drawings	22,000		
Trade expenses	1,350		
Salaries	11,200		
Advertising	840		
Discount	600		
Bad debts	800		
Business premises	12,000		
Furniture	10,000		
Cash in hand	2,060		
	<u>4,02,600</u>		<u>4,02,600</u>



#### Adjustments :

- (a) Stock as on 31.12.2019 Rs. 90,000.
- (b) Provide depreciation on premises at 2.5% ; plant and machinery at 7.5% ; furniture at 10%.
- (c) Write off Rs.800 as bad debts.
- (d) Provide for doubtful debts at 5% on debtors.
- (e) Outstanding rent as Rs. 500 and wages Rs. 400.
- (f) Prepaid insurance Rs. 300 and salaries Rs. 700.

15. (a) Mr. John accepted the following bills by Mr. Joe and wants to make a Single payment. Find out the Average Due date.

Date of Bill	Due Date	Amount
16.2.2019	19.4.2019	6,000
28.2.2019	30.4.2019	2,000
03.3.2019	06.5.2019	9,000
15.3.2019	18.5.2019	3,000

Or

- (b) From the following particulars prepare a Bank Reconciliation Statement to find out the causes of difference in two balances as on August 31<sup>st</sup>, 2016 for Four Star (Pvt.) Ltd.
  - (i) Bank Overdraft as per Bank Statement Rs. 17,000
  - (ii) Check issued but not encashed during the August Rs. 2,200
  - (iii) Dividends on shares collected by banker Rs. 2,300
  - (iv) Interest charged by the bank recorded twice in the Cash Book Rs. 500.
  - (v) Check deposited as per Bank Statement not entered in Cash Book Rs. 3,400.



- (vi) Credit side of the Bank column in Cash Book cast short Rs. 1,000
- (vii) Clubs dues paid by bank as per standing instruction not recorded in Cash Book Rs. 1,200
- (viii) Uncredited check due to outstation Rs. 3,900.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. Classify the Accounting concepts.
17. Prepare a bank reconciliation statement from the following data as on 30.11.2017 :
  - (a) Balance as per pass book as on 30.11.2017 overdrawn Rs. 18,408.
  - (b) Cheques drawn on 30.11.2017 but not cashed till Dec. 2017 Rs. 6,450 ; Rs. 1,490 ; Rs. 1,852
  - (c) Bank overdraft interest charged on 28.11.2017 not entered in cash book Rs. 3,220.
  - (d) Cheques received on 29.11.2017 entered in cash book, but not deposited into bank till 31.12.2017 Rs. 22,644 and Rs. 3,640.



- (e) Cheque received amounting to Rs. 70 entered in the cash book twice.
- (f) Bills receivable due on 29.11.2017 was sent to bank for collection on 28.11.2017 and was entered in cash book forthwith but the proceeds were not credited in bank pass book till 31<sup>st</sup> Dec. 2017 Rs. 5,960.
- (g) A periodic payment by bank for Rs. 160 under standing instruction not entered in cash book.

Cheque deposited on 30<sup>th</sup> Nov. 2017 dishonoured but the entry thereof was not made in the cash book Rs. 3,780.

18. Prepare Trading, P and L A/c and Balance sheet from the following Trail Balance of Mr. Mani :

Debit	Rs.	Credit	Rs.
Debtors	92,000	Math's capital	70,000
Plant and machinery	20,000	Purchase returns	2,600
Interest	430	Sales	2,50,000
Rent and rates	5,600	Creditors	60,000
Travelling charges	1,320	Bank overdraft	20,000
Wages	7,000		
Sales returns	5,400		
Purchases	1,50,000		
Opening stock	60,000		